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Montana State Fund

Guardian

October 1998

What in the World is Experience Rating?

By Jay Phillips

E-Mod

Experience rating is a pricing mechanism used to ensure employers pay a lower or higher premium than their manual premium (rate x payroll) if their losses are better or worse than the losses for another employer in the same type of business with the same amount of payroll. Experience rating is a part of the overall pricing system and is a mandatory plan that applies to all qualified employers. Experience rating recognizes employers with effective safety programs and good loss experience. As a result, many safety conscious Montana employers are paying lower workers' compensation premium due to their experience modification factor. All insurance carriers, including the State Fund, use the same experience rating formula. The system is administered by a national rating organization known as the National Council on Compensation Insurance (NCCI).

How do Employers Qualify to be Experience Rated? Employers qualify to be experience rated by meeting the manual premium threshold. The threshold is subject to change each year. Effective July 1, 1998, employers insured with the State Fund qualify to be experience rated if their manual premium was $10,000 or more for the most recent full year, or averaged $5,000 or more for the past two or three years.

What is the Experience Period? The review period normally includes three previous completed years of experience. The current year is not considered because the information is incomplete. A FY 99 modification factor is determined using information for FY 95, 96, and 97. Each year, the oldest year is deleted and a new year is added. If a claim were to occur in FY 99, it would not affect an employer's modification factor until FY 2001.

Continued on page 4.

Closed Claim Survey Comments

"I was very satisfied with my claim adjuster, Tom Fritch. He did an excellent job handling my claim."

"It all went very smoothly. I was able to get answers I needed over the phone."

"My claim adjusters were a pleasure to work with. Very professional and pleasant."

"I was treated with respect. Everyone was helpful and understanding as to my needs on the way to a full recovery."

"Carolyn McLeod was as knowledgeable as one could hope for and even more friendly."

"Terri Eaton did a good job helping and serving me during my injury. Your office was very helpful."

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President's Message

Even though it is still early in Fiscal Year 1999, we have already begun our strategic planning process for Fiscal Year 2000. From experience, we know that this process is highly useful to keep us focused on our primary purpose, responsibilities and goals.

The key to a successful strategic planning process is to achieve a balance between strategy development and strategy implementation. The result is an organization that continues to make steady progress to achieve its mission, vision and strategic goals.

In the coming weeks, executive staff, managers and supervisors, and other staff from each department at State Fund will have the opportunity to meet with our consulting firm about the development of specific goals and objectives for their areas. Perhaps the most important aspect of a strategic planning process is participation and input from everyone to help construct a solid FY2000 strategic plan that will help make this organization more efficient and responsive to our customers.

In a highly competitive workers' compensation market like Montana, the insurance companies that will succeed and prosper will be those that follow a detailed plan for future achievements. By developing a strong plan now, we will realize our goals more effectively and will truly be a workers' comp leader in Montana. I thank all of you for your hard work and support.

Employee of the Month

Congratulations to **Rita Potts**, Medical Payment Technician and September's Employee of the Month.

Over the last six months, Rita put in over 150 hours of overtime to help the Claim Department achieve its business plan goal of processing medical bills in 30 days. She produced 18% of the total processed number of bills in July and processed 3,169 bills from June 1 to July 31. Rita willingly puts in extra time and continues to maintain a positive attitude.

Rita's co-workers appreciate her commitment and motivation to achieve State Fund's goals. She is a great team player with both the adjusters and others in the Med Pay Unit. She demonstrates excellent initiative and helps others with their work load before anyone even asks for help.

Thanks, Rita, for making such a huge effort to help the State Fund achieve its mission of being Montana's insurance carrier of choice and industry leader in service.

Kudos Kolumn

Judy Hansen from the Department of Revenue Individual Income Tax Division recently sent a letter of appreciation to **Nance Hughes**, **Holly Wood**, and **Andy Anderson**. The Department of Revenue is gathering research for a customer service call center of their own. Judy stated, "We appreciated your time and knowledge. The information and suggestions we received from you are very valuable to us. It has already helped us in visualizing our call center and the equipment and resources we will need to make it work."

CSU sends a big thank you to **Dwight Bernard**. He is excellent at sharing information with the Customer Service Unit and provides outstanding internal customer service. Nance Hughes adds, "I think we forget the value of our co-workers and the support we provide each other. CSU has always received support from the imaging and mail room staff, and I believe a lot of this is contributed to the 'team work concept' Dwight himself provides to others."

Kris Brandt thanks **Ken Hassler** for his help in the Med Pay Unit. Kris says, "He was a tremendous help with medical bills and kept us laughing every day. I hope we can steal you back from the BC unit sometime!"

CSU Appreciates Internal Customers

By Karen Wegner

Medical Pay—August 2-7: As the name implies, these employees receive the bills from claims and enter the data to either be paid or denied. Med Pay Technicians field questions from providers. CSU is also able to answer provider questions by bringing up bills on the computer to see if they have been paid or explain a reason for denial of payment.

Human Resources & Communications—September 14-18: In addition to recruiting and retaining qualified employees, HR also promotes employee development and training, performs personnel management, coordinates labor relations, and ensures legal and policy compliance with all personnel issues. All of the Fund's internal and external communications, newsletters, and media relations are overseen by Communications.

Legal—September 14-18: Vital to the State Fund, this unit supports all other departments through in-house counsel and guidance, contract management, and legal defense.

Fraud—September 21-25: This unit stops and prevents fraud. They investigate claimant, employer, and provider fraud.

Continued on page 4.

Take Advantage of Training

By Morgan Hahn

It is Montana State Fund's philosophy to support employee professional growth and development opportunities. Now these opportunities are even easier to find. If you are committed to achieving higher levels of performance and qualifications, you may want to pursue the following.

Insurance Institute of America has many educational programs for insurance professionals. These programs can be applied to continuing education credits and college degrees. These correspondence programs are designed to be completed at home, at your speed. Certification is provided upon successful completion of a final examination. Courses of study include areas such as; Program in General Insurance, Chartered Property Casualty Underwriter, Associate in Underwriting, Associate in Claims, Accredited Adviser in Insurance, Associate in Research and Planning, Associate in Risk Management, and Associate in Reinsurance.

If this is an area you would like more information about, talk with your supervisor and discuss the possibilities. Informational guides and brochures outlining these programs, and associated costs, have been distributed to your Department Head, or you may contact the HR Department.

Training Calendar

Getting to Know Underwriting—November 4; 9-10am

Dealing With an Angry Public—November 6; 8:30-noon

Family Medical Leave Act for Supervisors—November 5; 1-3pm

Family Medical Leave Act for Employees—November 5; 3-5pm

Beginning Powerpoint—November 13; 9-noon and November 18; 9-noon

Intermediate Excel—November 20; 9-noon

PPRP for Employees—November 23; 2:30-5pm

PPRP for Supervisors—November 24; 8:30-11:30am

Human Resources

Personnel changes as of October 26, 1998

NEW HIRES

Greg Overturf—Legal
Rebecca Wiegard—MIS
Sandra Rowan—Claim
Elinda Gardner—Claim
Sandra Caudle—Claim

DEPARTURES

Tony DeVito—MIS
Barb Graziano—Underwriting
Karen Kueffler—Admin/Finance

New Employees

Cindy Hawkins joined the State Fund Legal Department and provides Legal Administrative Support. She was previously a legal secretary in Kalispell for five years and worked six months as an executive specialist at MHESAC. Cindy is from Columbia Falls and enjoys camping, fishing, hiking, and cross stitch in her spare time.

Tom Kandt was recently hired as the Senior Underwriter. He has several years of underwriting experience and held jobs with the State Auditor's Office, Continental Western Insurance, and USF&G prior to coming to State Fund. Tom graduated from San Diego State University and earned a MS from Cal State University in Fullerton. Tom's hobbies include skiing, fishing, beer tasting, and working out.

Appreciation, continued from page 3.

MIS—October 5-9: We have a terrific group of people in this department. They worked tremendously hard during BIS implementation, and continue to work long hours as issues surface. They continue to prepare for PAALS, AMPS, and Ethernet conversion.

Maintenance—October 19-23: This department keeps our building running smoothly by maintaining both the inside and outside.

Editor's Note: Thanks to CSU for your appreciation, teamwork, and help in making the State Fund the insurance carrier of choice and industry leader service. Not to mention the great treats you've left for all of us!

Experience Rating, continued from page 1.

How does tiered pricing apply to experience rated policies? Each policy is assigned a rate category based on loss experience and/or payment or reporting history. The **select** rate is the actuarially established rate for each class code. Currently the **preferred** rate is 5% lower than the select rate and the **equitable** rate is 5% above the select rate. The preferred rate category is assigned to non-experience rated policies with FY 97 premium over $1,000 and excellent loss history and payment history. The equitable rate category is assigned to non-experience rated policies with FY 97 premium over $1,000 and an unsatisfactory loss history. Any policy with an unsatisfactory payment history may be assigned to the equitable rate category.

SECGC Update

Thanks to everyone for their generous support of the State Employees Charitable Giving Campaign! At the midway point, State Fund employees have donated $9,221 to this worthy cause. Plus, we've had a whole lotta fun! Remember to participate in all the great events still ahead, and if you haven't done so, think about contributing through your pledge card.

The VP breakfast was a big success.

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Employee Reporters:
Kathy Rowsey Karen Wegner
Jay Phillips

Please call 444-6502 with comments or suggested articles.

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